



To the Honorable Council
City of Norfolk, Virginia

January 10, 2012

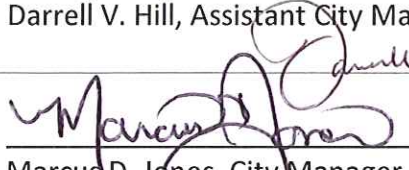
From: Deborah K. Bunn, CAE
Real Estate Assessor

Subject: Real Estate Tax Exemption
Ordinance for Ecumenical Family
Shelter, Inc.

Reviewed: Darrell V. Hill, Assistant City Manager

Ward/Superward: City-wide

Approved:


Marcus D. Jones, City Manager

Item Number:

PH-4

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** Ecumenical Family Shelter, Inc.
P.O. Box 6194
Norfolk, Virginia 23508

III. **Description**

This agenda item is an Ordinance to exempt from real estate taxes the property located at 822 W. 37th Street, owned by Ecumenical Family Shelter, Inc.

IV. **Analysis**

The property for which the exemption is sought, known as The King House, is a six (6) bedroom, 3,201 square foot building used to house homeless families. This organization also owns the property located at 545 37th Street, known as The Dwelling Place, which is currently exempt from real estate taxes. The uses of both properties are very similar.

V. **Financial Impact**

The assessed value of the land and building is \$203,700 and at the current rate of taxation (\$1.11 per \$100), the annual tax loss will be \$2,261.07.

VI. **Environmental**

N/A

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This letter has been coordinated with the Office of the Real Estate Assessor and the City Attorney's Office.

Supporting Material from the Office of the Real Estate Assessor:

- Ordinance
- Photos

Form and Correctness Approved: *MP*

Contents Approved:

By *Martha P. McGinnis*
Office of the City Attorney

NORFOLK, VIRGINIA

By *Deborah K. Brum*
DEPT. Real Estate Assessor**ORDINANCE No. 44,500**

PH-A

AN ORDINANCE GRANTING AN EXEMPTION FROM REAL ESTATE TAXES FOR REAL PROPERTY OF ECUMENICAL FAMILY SHELTER, INC. LOCATED AT 822 W. 37th STREET

WHEREAS, Ecumenical Family Shelter, Inc. ("EFSI") has filed an application for exemption from real estate taxes for a parcel of real property located at 822 W. 37th Street; and

WHEREAS, such application was filed pursuant to the provisions of §24-212.5 of the Norfolk City Code, 1979, as amended; and

WHEREAS, Norfolk City Council has conducted a public hearing as required by §58.1-3651 of the Code of Virginia and has maturely considered all matters required by § 24-212.5 of this code; and

WHEREAS, the Council finds that EFSI satisfies the requirements for exemption from taxation under § 24-212.5 of this code and specifically finds that:

- (1) EFSI is exempt from taxation pursuant to § 501
- (c) of the Internal Revenue Code of 1954;
- (2) No current annual alcoholic beverage license for serving alcoholic beverages has been issued by the

Virginia Alcoholic Beverage Control Board to EFSI organization, for use on such property;

(3) No director, officer, or employee of EFSI is paid compensation in excess of a reasonable allowance for salaries, or other compensation for personal services which such director, officer, or employee actually renders;

(4) No part of the net earnings of EFSI inures to the benefit of any individual;

(5) A significant portion of the service provided by EFSI is generated by funds received from donations, contributions, or local, state or federal grants, including the providing of personal services or the contribution of in-kind or other material services;

(6) The organization provides services for the common good of the public;

(7) Carrying on propaganda, or otherwise attempting to influence legislation is not a substantial part of the activities of EFSI;

(8) EFSI does not participate in, or intervene in, any political campaign on behalf of any candidate for public office;

(9) The revenue impact to the City and its taxpayers for the parcel for which EFSI seeks exemption is \$2,261.00 at the current rate of taxation; and

WHEREAS, the Council has considered other criteria, facts and circumstances deemed pertinent to the adoption of this ordinance.

WHEREAS, it is the desire of this Council that the applicant be granted the requested exemption; now, therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That Ecumenical Family Shelter, Inc. is hereby granted an exemption for from real estate taxes on Parcel 8204-5200, its real property located at 822 W. 37th Street.

Section 2:- That the tax exemption granted herein is based on the Council's finding that the Ecumenical Family Shelter, Inc. is a charitable/benevolent organization within the meaning of Article X, Section 6, Subsection (a)(6) of the Constitution of Virginia, 1971, and §24-212.5 of the Norfolk City Code, 1979, as amended.

Section 3:- The exemption granted herein is based upon Council's above findings, but can be revoked by Council for any reason.

Section 4:- That this ordinance shall be in effect from and after the date of its adoption.

Adopted by Council January 10, 2012
Effective January 10, 2012

TRUE COPY
TESTE:

R. BRECKENRIDGE DAUGHTREY, CITY CLERK

BY: _____
DEPUTY CITY CLERK

Exempt Application
Ecumenical Family Shelter
King House 822 37th Street
Account #8204-5200

Front View



Rear View and Play Area



Exempt Application
Ecumenical Family Shelter
King House 822 37th Street
Account #8204-5200

2nd Floor Bedroom



2nd Floor Bedroom



Exempt Application
Ecumenical Family Shelter
King House 822 37th Street
Account #8204-5200

3rd Story-Toys for Christmas Toy Drive



Kitchen Area





City of Norfolk

Inter Department Correspondence Sheet

RECEIVED

2011 SEP 15 P 3: 36

TO: ----- Marcus D. Jones, City Manager
FROM: ----- Martha P. McGann, Deputy City Attorney
COPIES TO: ----- Bernard A. Pishko, City Attorney; Deborah K. Bunn, Real Estate Assessor
SUBJECT: ----- Exemption from taxation of real property owned by the
----- Ecumenical Family Shelter, Inc. located at 822 W. 37th Street -----

CITY MANAGER'S OFFICE
NORFOLK, VA

September 14, 2011

This memorandum addresses an application for exemption from real estate taxation filed by the Ecumenical Family Shelter, Inc. ("EFSI") for property located at 822 W. 37th Street. EFSI is a 501(c)(3) charitable organization, which owns exempt property located at 545 37th Street, known as The Dwelling Place. The property for which exemption is sought, known as the King House, is a six bedroom, 3201 square foot building, which is used to house homeless families. The land and building are currently assessed at \$203,700. Delinquent taxes are owed on the property in the amount of \$5,643, including the first quarter of 2011.

BACKGROUND

The general eligibility requirements for exemption from taxation of charitable non-profit organizations are set forth in § 24-212.5 of the Norfolk City Code. This ordinance was adopted pursuant to § 58.1-3651 of the Virginia Code, which provides, in pertinent part, that:

A. Pursuant to subsection 6 (a) (6) of Article X of the Constitution of Virginia, on and after January 1, 2003, any county, city, or town may by designation or classification exempt from real or personal property taxes, or both, by ordinance adopted by the local governing body, the real or personal property, or both, owned by a nonprofit organization that uses such property for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes.

VA. CODE ANN. § 58.1-3651 (1950), *as amended*.

Article X, § 6 (a) of the Virginia Constitution provides that:

(a) Except as otherwise provided in this Constitution, the following property *and no other* shall be exempt from taxation, State and local, including inheritance taxes: . . .

(6) Property used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes, as may be provided by classification or designation by

an ordinance adopted by the local governing body and subject to such restrictions and conditions as provided by general law.

VA. CONST., ART. X, § 6 (a) (emphasis added). Exemption from taxation is to be strictly construed, pursuant to § 58.1-3651 of the Virginia Code, which provides: "D. Exemptions of property from taxation under this article shall be strictly construed in accordance with Article X, Section 6 (f) of the Constitution of Virginia."

The Virginia Constitution grants the General Assembly authority to restrict or condition property subject to local taxation pursuant to Article X, Section 6 (c), which provides that: "(c) Except as to property of the Commonwealth, the General Assembly by general law may restrict or condition, in whole or in part, but not extend, any or all of the above exemptions."

DISCUSSION

It appears from our review of the application and supporting documentation provided by EFSI that the property meets the eligibility requirements set forth in § 24-212.5 of the Norfolk City Code. Specifically, it appears that:

- (1) EFSI is exempt from taxation pursuant to § 501(c)(3) of the Internal Revenue Code of 1954;
- (2) There is a current annual alcoholic beverage license issued to EFSI for the property;
- (3) No director, officer, or employee of EFSI is paid compensation in excess of a reasonable allowance for salaries, or other compensation for personal services which such director, officer, or employee actually renders;
- (4) No part of the net earnings of EFSI inures to the benefit of any individual;
- (5) A significant portion of the service provided by EFSI is generated by funds received from donations, contributions, or local, state or federal grants, including the providing of personal services or the contribution of in-kind or other material services;
- (6) EFSI provides services for the common good of the public;
- (7) According to its Certificate of Incorporation, carrying on propaganda, or otherwise attempting to influence legislation is not a substantial part of the activities of EFSI and EFSI does not participate in, or intervene in, any political campaign on behalf of any candidate for public office; and
- (8) The revenue impact to the City and its taxpayers of exempting the property is \$2,261 at the current rate of taxation.

EFSI's use of the property for housing of the homeless qualifies as an exempt purpose as an asylum under Va. Code § 58.1-3606 A (5), which provides.

Property belonging to and actually and exclusively occupied and used by the Young Men's Christian Associations and similar religious associations, including religious mission boards and associations, orphan or other asylums, reformatories, hospitals and nunneries, conducted not for profit but exclusively as charities (which shall include hospitals operated by nonstock corporations not organized or conducted for profit but which may charge persons able to pay in whole or in part for their care and treatment).

It appears from its application, that EFSI meets the eligibility requirements for the property.

RECOMMENDATION

Based upon the foregoing, I recommend that you present the request for exemption from taxation of the real property to the City Council with the recommendation that you deem appropriate. EFSI should be required to pay the delinquent taxes owed on the property. If the Council decides to consider the request for exemption, a public hearing for that purpose must be scheduled. EFSI will be required to reimburse the City Clerk for the cost of advertising the hearing.

If Council acts favorably on the application for exemption filed by EFSI, such exemptions will be effective the quarter following the adoption of the ordinance and continuance of the exemptions will be contingent on the continued use of the property in accordance with the purpose for which the organization is granted exemptions.

Martha

Martha P. McGann
Deputy City Attorney